



FISCAL MEMORANDUM

SB 815 - HB 1144

March 13, 2023

SUMMARY OF BILL AS AMENDED (005248): Establishes that the registration fee for one school bus owned by a person under contract with a local education agency (LEA), for the provision of transportation services is equal to the fee charged for a school bus owned by a local education agency (LEA).

FISCAL IMPACT OF BILL AS AMENDED:

**Decrease State Revenue – \$10,400/FY23-24 and Subsequent Years/Highway Fund
\$200/FY23-24 and Subsequent Years/General Fund**

Assumptions for the bill as amended:

- Tennessee Code Annotated § 55-4-112(a) establishes registration fees for private and commercial motor vehicles operating for hire who transport passengers.
- Currently the vehicle registration fee for privately-owned school buses under contract with LEAs is as follows:
 - \$47.13 for vehicles with not more than 7 seats for passengers;
 - \$96.63 for vehicles with over 7 seats and less than 15 seats for passengers;
 - \$162.63 for vehicles with over 15 seats and less than 25 seats for passengers;
 - \$245.12 for vehicles with over 25 seats and less than 35 seats for passengers; and
 - \$327.63 for vehicles with over 35 seats for passengers.
- Tennessee Code Annotated § 55-4-219 establishes a registration fee of \$1.25 for motor vehicles that are owned or leased by the state, the county, municipality, United States government, or the private or volunteer fire department, and operated exclusively for essential governmental or fire protection purposes.
- The proposed legislation would lower the registration fee for one bus owned by a person under contract with an LEA to \$1.25. The registration fee for each additional school bus owned by a person under contract with an LEA would be the respective fee specified in Tenn. Code Ann. § 55-4-112(a).
- Based on survey data from the 2021-22 school year, there were 6,534 district-owned school buses in use and 2,502 private-use or contracted school buses in use.
- The owner of a school bus under contract with an LEA is responsible for paying required registration fees for the bus. The cost savings resulting from a lower registration fee for one bus would be realized by the private individual or entity under contract with the LEA.

- It is unknown how a reduced registration fee for one bus may impact a transportation contract with an LEA. However, it is estimated that any cost savings that may be reflected in a respective contract will be not significant.
- Based on information provided by the Department of Revenue (DOR), the proposed registration fees, if applied to all private school buses, will result in a decrease in state revenue of \$531,749 in FY23-24 and subsequent years.
- However, because the proposed legislation only allows one school bus that is privately owned and that contracts with an LEA to receive the registration discount, it is estimated that two percent, or one out of every fifty school bus registrations will be impacted. The decrease in state revenue is estimated to be \$10,635 in FY23-24 and subsequent years ($\$531,749 \times 2\%$).
- Pursuant to Tenn. Code Ann. § 55-6-107(a): 98 percent, or \$10,422, ($\$10,635 \times 98\%$), would be allocated to the Highway Fund; and 2 percent, or \$213, ($\$10,635 \times 2\%$), would be allocated to the General Fund.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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